

delivered. This Projection Certificate shall not count as one of the four Projection Certificates permitted by Section 3(d).

SECTION 4. QUALITY. Producer agrees to raise and supply to Morrell top quality, healthy and wholesome hogs. Producer shall have a genetic program capable of producing lean, uniform sorted hogs that consistently meet the quality standards of Morrell in existence from time to time. Without limiting the generality of the foregoing, Producer represents and warrants to Morrell and agrees as follows:

- (a) All deliveries of Market Hogs shall meet or exceed the specifications for weight, NPPC level, and average lean yield set forth on Schedule B attached hereto and incorporated by reference herein.
- (b) Any lot of hogs with an average lean percentage lower than 48% shall not count toward the minimum quantity of hogs required to be delivered by Producer under this Agreement. Any such lot of hogs shall be priced at \$1.00 under the weighted average price for the day such hogs were slaughtered, as reported by the USDA for the IA/SMN market, rather than under Schedule C of this Agreement.
- (c) No hogs shall be accepted for delivery pursuant to this Agreement that weigh less than two hundred ten (210) pounds or that are crippled, lame, sick, overfilled, or otherwise unmerchantable.
- (d) Producer shall maintain Morrell-approved facilities to farrow and finish hogs year-round.
- (e) Producer shall use a Morrell-approved feeding program and shall allow Morrell a reasonable opportunity upon prior written notice to inspect its hogs and facilities.
- (f) Producer shall be supervised by a licensed veterinarian and shall properly administer all applicable drugs and follow all appropriate withdrawal procedures applicable thereto.
- (g) Producer shall be on the Pork Quality Assurance Program of America's Pork Producers, and shall be at Level III or working diligently to obtain Level III and shall be on Morrell's HACCP Program.
- (h) Producer understands and acknowledges that, in the light of the Term of this Agreement, industry standards for top quality, healthy and wholesome hogs may change over time. Morrell reserves the right upon reasonable written notice to Producer to modify or supplement the specifications set